

Message Text

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PAGE 01 STATE 196387
ORIGIN EB-08

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TO AMEMBASSY MADRID

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E.O. 11652: N/A

TAGS: EAIR, SP

SUBJECT: CIVAIR:IBERIA TICKET DISCOUNTING CASES

REF: MADRID 6110

1. DEPT HAS RECEIVED NO REPRESENTATIONS FROM SPANISH
EMBASSY CONCERNING IBERIA CASE. WE UNDERSTAND THAT GENERAL
YNIGUEZ' LETTER TO FORMER CAB CHAIRMAN ROBSON HAS BEEN
ANSWERED.

2. USG'S CASE AGAINST IBERIA AIRLINES ENDED JULY 19 IN
FEDERAL DISTRICT COURT IN BROOKLYN WHEN AIRLINE ENTERED
PLEA OF GUILTY TO CRIMINAL AND CIVIL CONTEMPT CHARGES OF
VIOLATING 1975 CONSENT DECREE PROHIBITING TICKET REBATING.
AS FINAL STEP IN IBERIA CASE, DISTRICT COURT JUDGE ASSESSED
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FINE OF DOLS 75,000 AGAINST IBERIA ON JULY 22.

3. GUILTY PLEA RESULTED FROM NEGOTIATION BETWEEN DEFEND-
ANTS AND US ATTORNEY WHICH FOLLOWED FIVE-WEEK TRIAL IN
APRIL. AS PART OF NEGOTIATED SETTLEMENT, US ATTORNEY MADE
SEVERAL CONCESSIONS TO IBERIA. IN EXERCISE OF PROSECUTORIAL
DISCRETION, US ATTORNEY DROPPED CRIMINAL CHARGES AGAINST

IBERIA VP AND GENERAL MANAGER WENCESLAO CORRAL AND OTHER
EMPLOYEES FOR VIOLATING INJUNCTION DURING PERIOD FROM

SEPTEMBER 29, 1975 TO JULY 19, 1977. IBERIA AGREED TO
IMPLEMENT COMPLIANCE PROGRAM SUPERVISING TICKET SALES
AND PAY FINE.

4. COMMENT: IBERIA HAS RECEIVED DUE PROCESS, PLED GUILTY
AND BEEN SENTENCED. AS FAR AS USG IS CONCERNED, CASE IS
CLOSED. WE WOULD SUGGEST EMBASSY CONVEY ABOVE TO SPANISH
AUTHORITIES STRESSING THAT IBERIA HAS NOT BEEN DISCRIMIN-
ATED AGAINST AND THAT IDENTICAL PROCEDURES WOULD HAVE
BEEN APPLIED TO US AIRLINES IN SIMILAR SITUATION. IBERIA
IS ONE OF 19 AIRLINES (17 NON-US) SUBJECT TO 1975 CONSENT
DECREE. US ATTORNEY HAS PETITIONED COURT TO MODIFY
INJUNCTION CONCERNING TICKET REBATING TO INCLUDE OTHER 18
AIRLINES SUBJECT TO 1975 CONSENT DECREE. IN ALMOST IDEN-
TICAL CASE, SABENA WILL BE BROUGHT TO TRIAL ON SEPT 14.
FYI: OTHER AIRLINES INVESTIGATED BY CAB HAVE ALSO BEEN

REFERRED TO US ATTORNEY'S OFFICE FOR ACTION. VANCE

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